

Message Text

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PAGE 01 USUN N 03067 302100Z

14

ACTION IO-03

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FM USMISSION USUN NY

TO SECSTATE WASHDC 8466

INFO AMEMBASSY MOSCOW

AMEMBASSY WELLINGTON

C O N F I D E N T I A L USUN 3067

LIMDIS

E.O. 11652: GDS

TAGS: EAID, UNDP, NZ

SUBJECT: MORSE'S VIEWS ON CURRENCY CONVERTIBILITY ISSUE

REF: STATE 178905

1. AMBASSADOR BENNETT TALKED WITH UNDP ADMINISTRATOR BRAD MORSE MORNING JULY 30 ABOUT UNDP MATTERS, WITH SPECIFIC REFERENCE TO CURRENCY CONVERTIBILITY ISSUE. MORSE AGAIN PAID TRIBUTE TO GENEROSITY OF US OFFER TO PURCHASE NON-CONVERTIBLE CURRENCIES. HE CONTINUES TO REGARD IT AS MAJOR INITIATIVE ON PART OF US TO ASSIST UNDP RECOVERY FROM ITS FINANCIAL CRISIS, AND WAS ASTONISHED TO HEAR OF APPARENT MISCONCEPTIONS ON PART OF SOME OF HIS STAFF WITH RESPECT TO SERIOUSNESS OF US PROPOSAL. HE REACTED VIGOROUSLY, AND THERE SHOULD BE NO FURTHER PROBLEM IN UNDP ON THAT SCORE. MORSE COMMENTED THAT HE DID NOT THINK IT WOULD BE HELPFUL TO SUCCESS OF US PROPOSAL FOR HIM TO GET OUT IN FRONT ON THE ISSUE (USUN AGREES), BUT STRESSED HE MEANS TO BE HELPFUL IN EVERY POSSIBLE WAY BEHIND THE SCENES IN NUDGING INDIVIDUAL GOVERNMENTS ON THE MATTER. CONFIDENTIAL

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PAGE 02 USUN N 03067 302100Z

2. MORSE SAID HE HAD TALKED WITH NEW ZEALAND MISSION HERE ABOUT THE MATTER. HE WAS FULLY INFORMED ON THEIR FORTHCOMING ATTITUDE, BUT HE SAID HE HAD ADVISED THEM TO DELAY CONCLUSION OF ARRANGEMENTS WITH USG UNTIL LATER IN THE YEAR. HE THOUGHT AN ARRANGEMENT BETWEEN US AND NEW ZEALAND NOW IN MID-SUMMER WOULD PASS UNNOTICED. ON THE OTHER HAND, IF ANNOUNCEMENT COULD BE MADE IN SEPTEMBER OR OCTOBER, SHORTLY BEFORE UNDP PLEDGING SESSION, IT COULD HAVE REAL IMPACT AND WOULD HAVE EFFECT OF PUTTING PRESSURE ON OTHERS TO COME FORWARD.

3. MORSE IS CONVINCED THAT THE ONLY WAY TO GET SOVIET ACCEPTANCE IS THROUGH AN APPROACH AT THE VERY TOP LEVEL. WITHOUT SOVIET AGREEMENT, HE WOULD NOT EXPECT ANY FAVORABLE RESPONSES FROM EASTERN EUROPEANS EVEN THOUGH, IN HIS VIEW, A GOVERNMENT SUCH AS POLAND WOULD VERY MUCH LIKE TO TAKE UP US OFFER. HE HAS APPARENTLY GIVEN MATTER CONSIDERABLE THOUGHT, AND HE EMPHASIZED HIS CONSIDERED OPINION THAT APPROACHES THROUGH EMBASSY MOSCOW OR USUN, OR BY A SPECIAL EMISSARY, WOULD NOT DO THE TRICK. HE WAS SURE THAT FINANCE AND TREASURY OFFICIALS IN SOVIET GOVERNMENT WOULD NOT MAKE ANY DECISION SINCE DECISION WITH RESPECT TO US PURCHASE OFFER IS A HIGHLY POLITICAL ONE. MORSE SAID HE WAS DOUBTFUL THAT EVEN A KISSINGER APPROACH TO GROMOYKO WOULD BRING A FAVORABLE RESPONSE. HE BELIEVES THAT MATTER GOES TO THE HEART OF SOVIET DIALECTICS AND URGED THAT SECSTATE CONSIDER APPROACHING BREZHNEV DIRECTLY ON THE ISSUE AS INDICATIVE OF IMPORTANCE WITH WHICH US VIEWS UN DEVELOPMENT PROCESS AND WITH UNDP AS PRINCIPAL AGENCY IN THAT PROCESS.
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